

**TRANSMITTAL OF FINANCIAL REPORTS AND  
CERTIFICATION OF COMPLIANCE WITH  
UNITED STATES TRUSTEE OPERATING REQUIREMENTS FOR  
THE PERIOD ENDED: August 31, 2011**

**IN RE: Western Reserve Care System**

: **CASE NO.: 09-40804**  
: **Chapter 11**  
: **Judge: Kay Woods**

**Debtor**

As debtor in possession, I affirm:

1. That I have reviewed the financial statements attached hereto, consisting of:

<input checked="" type="checkbox"/>	Operating Statement	(Form 2)
<input checked="" type="checkbox"/>	Balance Sheet	(Form 3)
<input checked="" type="checkbox"/>	Summary of Operations	(Form 4)
<input checked="" type="checkbox"/>	Monthly Cash Statement	(Form 5)
<input checked="" type="checkbox"/>	Statement of Compensation	(Form 6)
<input checked="" type="checkbox"/>	Schedule of In-Force insurance	(Form 7)

and that they have been prepared in accordance with normal and customary accounting practices, and fairly and accurately reflect the debtor's financial activity for the period stated;

2. That the insurance, including workers' compensation and unemployment insurance, as described in Section 4 of the Reporting Requirements For Chapter 11 Cases is in effect; and, (If not, attach a written explanation) **YES**  **NO**

Forum Health is Self-Insured for WC and Unemployment. There is cash on deposit held as collateral at State of Ohio Bureau of Workers' Compensation and there is a bond for Unemployment.

3. That all postpetition taxes as described in Sections 1 and 14 of the Operating Instructions and Reporting Requirements For Chapter 11 cases are current.

(If not, attach a written explanation) **YES**  **NO**

4. No professional fees (attorney, accountant, etc.) have been paid without specific court authorization.

(If not, attach a written explanation) **YES**  **NO**

5. All United States Trustee Quarterly fees have been paid and are current.

**YES**  **NO**

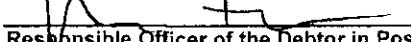
6. Have you filed your prepetition tax returns.

(If not, attach a written explanation) **YES**  **NO**

We have timely filed all of the 2008 tax returns as of 11/16/09.

I hereby certify, under penalty of perjury, that the information provided above and in the attached documents is true and correct.

Dated: 10/17/2011

  
**Responsible Officer of the Debtor in Possession**

**Chief Restructuring Officer** **645-520-0150**  
Title Phone

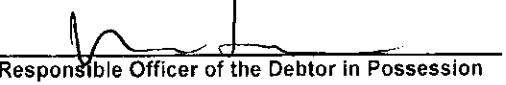
FORM 1

**WESTERN RESERVE CARE SYSTEM  
OPERATING STATEMENT (P&L)  
THE PERIOD ENDED: August 31, 2011**

Case No: 09-40804

	Current Month	Prev. Month	Total Since Filing
	21	250,531,751	<u>250,531,772</u>
Total Revenue/Sales	21	250,531,751	250,531,772
Cost of Sales			
<b>GROSS PROFIT</b>	<b>21</b>	<b>250,531,751</b>	<b><u>250,531,772</u></b>
<b>EXPENSES:</b>			
Officer Compensation (Cash Basis)	0	642,564	642,564
Salary Expenses other Employees (Includes Corp Charge for Officers)	0	98,912,500	98,912,500
Employee Benefits & Pensions	(136,481)	30,076,146	29,939,665
Payroll Taxes	0	7,208,101	7,208,101
Other Taxes	2,734	76,066	78,800
Rent and Lease Expense	0	1,585,212	1,585,212
Interest Expense (includes write off of financing fee)	0	7,537,207	7,537,207
Insurance	0	3,742,336	3,742,336
Automobile and Truck Expense	0	55,788	55,788
Utilities (gas, electric, phone)	0	4,706,747	4,706,747
Depreciation	0	2,718,008	2,718,008
Travel and Entertainment	199	53,390	53,589
Repairs and Maintenance	0	4,112,269	4,112,269
Advertising	0	692,440	692,440
Supplies, Office Expense, etc.	830	50,044,011	50,044,841
Other Specify (Corp Chg, Legal, Consulting, etc)	549	35,867,519	35,868,068
Other Specify (Bad Debt)	0	11,791,316	11,791,316
Other Specify (State of Ohio Franchise Fee, misc)	(101,084)	3,650,335	3,549,251
<b>TOTAL EXPENSES:</b>	<b>(233,253)</b>	<b>263,471,955</b>	<b><u>263,238,702</u></b>
<b>NET OPERATING PROFIT/(LOSS)</b>	<b>233,274</b>	<b>(12,940,204)</b>	<b>(12,706,930)</b>
Add: Non-Operating Income:			
Interest Income (loss)	0	255,029	255,029
Other Income (adjust gain on sale/gain on debt discharge)	-	32,019,273	32,019,273
Less: Non-Operating Expenses:			
Professional Fees (Legal Restructuring)	0	8,927,831	8,927,831
Other (Restructuring)	0	14,931,591	14,931,591
<b>NET INCOME/(LOSS)</b>	<b>233,274</b>	<b>(4,525,324)</b>	<b><u>(4,292,050)</u></b>

Dated: 10/17/2011

  
**Responsible Officer of the Debtor in Possession**

FORM 2

**WESTERN RESERVE CARE SYSTEM  
BALANCE SHEET  
THE PERIOD ENDED: August 31, 2011**

	Case No:	09-40804	
	Current Month	Prior Month	At Filing
<b>ASSETS:</b>			
Cash	156,509	8,872	-
Inventory:	-	-	2,766,343
Accounts Receivables:	243,579	242,259	18,291,610
Insider Receivables	-	3,827	273,625
Land and Buildings:	-	-	111,507,920
Furniture, Fixtures & Equip:	-	-	81,506,844
Accumulated Depreciation:	-	-	(144,395,146)
Other: (prepaids, other assets)	2,174,913	2,174,913	1,413,177
Other: (Unrestricted and Restricted Investments)	6,553,399	6,553,596	11,780,333
Other: (Asset Impairment on Fixed Assets)	-	-	(41,057,281)
<b>TOTAL ASSETS:</b>	<b>9,128,400</b>	<b>8,983,467</b>	<b>42,087,425</b>
<b>LIABILITIES:</b>			
Postpetition Liabilities:			
Accounts Payable: (Trade, Benefit Reserves, Other)	4,197,120	4,338,195	6,742,007
Rent and Lease Payable:	-	-	977
Wages and Salaries:	-	-	6,257,295
Taxes Payable:	34,070	37,561	1,201,549
Other: (Insider Payables & 3rd Party Reserves)	19,617,632	19,564,901	39,016,429
<b>TOTAL Postpetition Liab.</b>	<b>23,848,822</b>	<b>23,940,657</b>	<b>53,218,257</b>
Secured Liabilities:			
Subject to Postpetition Collateral or Financing Order			
All Other Secured Liab.	4,530	-	395,037
<b>TOTAL Secured Liab.</b>	<b>4,530</b>	<b>-</b>	<b>395,037</b>
Prepetition Liabilities:			
Taxes & Other Priority Liab.	13,054	13,054	35,053
Unsecured Liabilities:	8,152,983	8,154,019	12,294,290
Other:			
<b>TOTAL Prepetition Liab.</b>	<b>8,166,037</b>	<b>8,167,073</b>	<b>12,329,343</b>
Equity:			
Owners Capital:	198,814,606	198,814,606	195,791,192
Retained Earnings-Pre Pet.	(217,413,545)	(217,413,545)	(219,646,404)
Retained Earnings-Post Pet.	(4,292,050)	(4,525,324)	
<b>TOTAL Equity:</b>	<b>(22,890,989)</b>	<b>(23,124,263)</b>	<b>(23,855,212)</b>
<b>TOTAL LIABILITIES AND EQUITY:</b>	<b>9,128,400</b>	<b>8,983,467</b>	<b>42,087,425</b>

Dated: 10/17/2011



Responsible Officer of the Debtor in Possession

**WESTERN RESERVE CARE SYSTEM  
SUMMARY OF OPERATIONS  
THE PERIOD ENDED: August 31, 2011**

Case No. 09-40804

**Schedule of Postpetition Taxes Payable**

	<u>Beginning Balance</u>	<u>Accrued/ Withheld</u>	<u>Payments/ Deposits</u>	<u>Ending Balance</u>
<b>Income Taxes Withheld:</b>				
Federal:	(134)	-	(134)	-
State:	2	-	2	-
Local:	-	-	-	-
<b>FICA Withheld:</b>	-	-	-	-
Employers FICA: (A)	(12,162)		(12,162)	-
<b>Unemployment Tax:</b>				
Federal:	-		-	-
State:	-		-	-
<b>Sales, Use &amp; Excise Taxes:</b>	-	-	-	-
Property Taxes:	37,561	-	3,491	34,070
<b>Workers' Compensation</b>	-		-	-
Other:	-		-	-
<b>TOTALS:</b>	<u>25,267</u>	-	<u>(8,803)</u>	<u>34,070</u>

(A) Note: In addition to the employer's portion of FICA payroll taxes withheld for salaries and wages paid, these balances include the estimated FICA payroll tax liability related to the accrued vacation and PTO liabilities on the books. There was no Payroll payments in October as employees were transferred to new owner effective 10/1/10.

**AGING OF ACCOUNTS RECEIVABLE  
AND POSTPETITION ACCOUNTS PAYABLE**

Age in Days	0-30	30-60	Over 60
Post Petition	-	-	-
Accounts Payable (Trade only)	-	-	<u>43,011</u>
	Aging based on invoice due date. (debit balance due to vendor credits)		
Accounts Rec.- Patient at Gross	-	-	<u>243,579</u>
	Reported at Net		

For all postpetition accounts payable over 30 days old, please attach a sheet listing each such account, to whom the account is owed, the date the account was opened, and the reason for non-payment of the account.

Describe events or factors occurring during this reporting period materially affecting operations and formulation of a Plan of Reorganization:

Dated: 10/17/2011

\_\_\_\_\_  
\_\_\_\_\_  
**Responsible Officer of the Debtor in Possession**

FORM 4

FORUM HEALTH  
MONTHLY CASH STATEMENT  
Period Ending: August 31, 2011

## Cash Activity Analysis (Cash Basis Only):

	Closed May 2011 Professional Staff Chase 460198781	Account Payable Chase 817717317	Medical Equipment Fifth Third 83530479	
Beginning Balance	0.00	166,741.62	0.00	
Receipts	0.00	0.00	0.00	
Transfer from Concentration	0.00	150,000.00	10,373.84	
Balance Available	0.00	316,741.62	10,373.84	
Less Disbursements	0.00	(121,417.42)	(10,373.84)	
Intercompany adjustment	0.00	0.00	0.00	
Checking Transfers	0.00	0.00	0.00	
Transfer to Concentration	0.00	0.00	0.00	
Ending Balance	0.00	195,324.20	0.00	

## Other monies on hand (specify type and location) i.e., CD's, bonds, etc.:

Trust	National City Bank	38-Y036-00-7	283,200.68	William Hitchcock
Trust	National City Bank	37-Y002400-1	225,126.57	Willis Park
Trust	National City Bank	14-38-Y028-00-4	1,282,529.68	Walter Watson, 20% Share As of 12/31/09
Trust	Sitel Prestige	B910 3837-8165	377,631.94	WRCS Professional Staff As of 2/28/11
Escrow	JP Morgan Chase	806032694	61,374.09	First Energy
Savings	JP Morgan Chase	2901465971	48.34	Western Reserve Care System
Savings	JP Morgan Chase	2931466037	2,669,029.50	WRCS Restricted
Savings	JP Morgan Chase	2931465955	746,337.63	WRCS Medical Equipment Fund
Receipts Schedule:	460198781	817717317	83530479	
Patient Receipts				
Other receipts				
Returned checks/ACH				
Checking Transfers				
Intercompany Receipts				
	0.00	0.00	0.00	

*W.A.*  
Responsible Officer of the Debtor in Possession

Dated 10/17/2011

WESTERN RESERVE CARE SYSTEM  
MONTHLY STATEMENT OF INSIDER COMPENSATION/PAYMENTS  
Period Ending: August 31, 2011

Case No: 09-40804

The following information is to be provided for each shareholder, officer, director, manager, insider, or owner that is employed by the debtor in possession.  
Attach additional pages if necessary.

Name: Not Applicable Capacity: \_\_\_\_\_ Shareholder  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Officer  
Director  
Insider

Detailed Description of Duties: \_\_\_\_\_  
\_\_\_\_\_

Current Compensation Paid: Weekly or Monthly  
\_\_\_\_\_ \_\_\_\_\_

Current Benefits Paid: Weekly or Monthly  
\_\_\_\_\_ \_\_\_\_\_

Health Insurance \_\_\_\_\_ \_\_\_\_\_

Life Insurance \_\_\_\_\_ \_\_\_\_\_

Retirement \_\_\_\_\_ \_\_\_\_\_

Company Vehicle \_\_\_\_\_ \_\_\_\_\_

Entertainment \_\_\_\_\_ \_\_\_\_\_

Travel \_\_\_\_\_ \_\_\_\_\_

Other Benefits \_\_\_\_\_ \_\_\_\_\_

Total Benefits \_\_\_\_\_ \_\_\_\_\_

Current Other Payments Paid: Weekly or Monthly  
\_\_\_\_\_ \_\_\_\_\_

Rent Paid \_\_\_\_\_ \_\_\_\_\_

Loans \_\_\_\_\_ \_\_\_\_\_

Other (Describe) \_\_\_\_\_ \_\_\_\_\_

Other (Describe) \_\_\_\_\_ \_\_\_\_\_

Other (Describe) \_\_\_\_\_ \_\_\_\_\_

Total Other Payments \_\_\_\_\_ \_\_\_\_\_

CURRENT TOTAL OF ALL PAYMENTS: Weekly or Monthly  
\_\_\_\_\_ \_\_\_\_\_

Dated: 10/17/2011

Responsible Officer of the Debtor in Possession

FORM 6

## SCHEDULE OF IN-FORCE INSURANCE

Period Ending: August 31, 2011

**NOTE - Forum Health was purchased by Community Health Systems effective 10/31/2010.**

Case No: 09-40804

INSURANCE TYPE

CARRIER

EXPIRATION DATE

Property

FM Global (Incl Terrorism)

Locations 1-7 canceled effective 10/1/2010.  
6607 Market St, Youngstown, OH 44512  
added (insured to 12/31/2010)

Dated: 10/17/2011

  
Responsible Officer of the Debtor in Possession

FORM 7

3003306

Western Reserve Care System  
August 31, 2011 Cash Payment Register  
Case No: 09-40804

Ck #	Vendor	City	Date	Amount
318750	BAKER & HOSTETLER LLP	CLEVELAND	8/17/2011	\$ 549.10

3003306

**Western Reserve Care System**  
**Case No. 09-40804**  
**August 31, 2011**

**Accounts Payable Aged Over 30 Days**

<b>Invoice</b>	<b>Post Date</b>	<b>Vendor Name</b>	<b>Due Date</b>	<b>Amount</b>
0831810-00-3	12/02/2011	12/31/2010 Ohio Dept of Job & Family Services	12/3/2010	2.95 *
0831641-00-4	1/2/11	2/28/2011 Ohio Dept of Job & Family Services	1/3/2011	12,624.58 *
0831641-00-4	12/2/11	12/3/2010 Ohio Dept of Job & Family Services	12/3/2010	20,850.62 *
0831641-00-4	3/2/11	3/31/2011 Ohio Dept of Job & Family Services	3/3/2011	9,533.10 *

\* There is currently negotiations occurring related to these payments.